IN THE

Supreme Court of the United States

OCTOBER TERM—1938.

No. 701

STANDARD BRANDS INCORPORATED,

Petitioner,

vs.

NATIONAL GRAIN YEAST CORPORATION,

Respondent.

BRIEF FOR RESPONDENT IN ANSWER TO PETITION FOR WRIT OF CERTIORARI.

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INDEX

	PAGE
Statement	1
The only question decided by two Circuit Courts of Appeals was as to the validity of patent 1,449,103	2
The subject matter of the suit and prior litigation	4
The commercial success of petitioner was not shown to have been due to the three Hayduck patents, 103, 105 and 106	10
Conclusion	12

AUTHORITIES

Altoona Theatres *v.* American Tri-Ergon, 294 U. S. 477	6
De Forest Radio Co. *v.* General Electric, 283 U. S. 664	6, 11
Federal Yeast Corporation *v.* Fleischmann Co., 13 F. (2d) 570	2, 5
Fleischmann Yeast Co. *v.* Federal Yeast Corp., 8 F. (2d) 186	2, 5
General Electric *v.* Wabash Appliances Corp., 304 U. S. 364	7
Incandescent Lamp Patent, The, 159 U. S. 465	7
Layne & Bowler Corporation *v.* Western Well Works, 261 U. S. 387	2
Paramount Publix *v.* American Tri-Ergon, 294 U. S. 464	6
Robertson & Kirkham, Jurisdiction of the Supreme Court	3
Standard Brands Inc. *v.* Federal Yeast Corp., 38 F. (2d) 329	3, 5, 6, 8

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This is an ordinary patent case. The five patents in suit were held invalid by the Circuit Court of Appeals for the Third Circuit. No licenses have been taken under the patents. The only persons interested in the suit are the two parties. There is no question of jurisprudence or other question of special, important or general interest.

The patents are four Hayduck patents, 1,449,103, 1,449,105, 1,449,106 and 1,449,109 and a Corby *et al.* patent 1,673,735. Each of the Hayduck patents was applied for on October 30, 1920 and issued on March 20, 1923, and they will be referred to as the 103, 105, etc. patents. The Corby patent was filed August 16, 1924 and issued June 12, 1928.

In the present case, the District Court for New Jersey held that the 103 patent was valid and was infringed by one process but not by two other processes of respondent, and that the other four patents were invalid, there being no decision on the issues of infringement of the last four patents (1 Rec. 626; 21 F. Supp. 46). The Circuit Court of Appeals for the Third Circuit decided that all five patents were invalid, and it did not pass upon any issue of infringement (1 Rec. 668; no Federal Reporter citation).

The only question decided by two Circuit Courts of Appeals was as to the validity of patent 1,449,103.

1. The 103 patent, in *Federal Yeast Corporation* v. *Fleischmann Co.*, 13 F. (2d) 570, was held valid by the Circuit Court of Appeals for the Fourth Circuit, against the same defense, of invalidity over the prior art, as in the present case. That Court did not decide any issue of infringement, because infringement had been admitted in the District Court, as stated in the latter's opinion, 8 F. (2d) 186, 200. Neither did the Circuit Court of Appeals for the Third Circuit decide any question of infringement (1 Rec. 668). So the only conflict is with respect to the validity of the 103 patent.

But a mere conflict between Circuit Courts of Appeals does not mean that this Court, in the exercise of its sound judicial discretion, must grant certiorari. The conflict must be "embarrassing", as declared in *Layne & Bowler Corp.* v. *Western Well Works*, 261 U. S. 387, 393, where this Court said: "it is very important that we be consistent in not granting the writ of certiorari except in cases involving principles the settlement of which is of importance to the public as distinguished from that of the parties, and in cases where there is a real and embarrassing conflict of opinion and authority between the circuit courts of appeals." In the present case the 103 patent expires in March of next year, there are no licensees, the patent has been

held invalid and no public interest is affected by the conflict.

However, if a writ of certiorari should be granted with respect to the 103 patent, such review should be limited to the question of its validity, because that is the only question warranting consideration in the interest of uniformity of decisions between Circuit Courts of Appeals. Such limitation would be proper practice: "Not only does the Court confine review to cases involving questions warranting consideration in the interests of jurisprudence and uniformity of decision, but to the particular questions in those cases which are deemed to be of that nature", *Robertson & Kirkham, Jurisdiction of the Supreme Court*, p. 557.

2. The 105 and 106 patents, in *Standard Brands Inc.* v. *Federal Yeast Corp.*, 38 F. (2d) 329, were held valid by the District Court for Maryland on a different record and against a different defense than in the present case.* Upon defendant appealing in that case, the plaintiff made a settlement with defendant, which agreed to withdraw its appeal, thus preventing a decision by the Circuit Court of Appeals.

Respondent opposes the petition for writ of certiorari with respect to these two patents, on the ground that "a conflict between decisions of the Circuit Courts of Appeals and decisions of District Courts in other circuits is entirely outside the rule which moves the Supreme Court to grant the writ solely on the ground of a conflict of decisions" (*Robertson & Kirkham, Jurisdiction of the Supreme Court*, p. 577), and also on the additional ground that there was no real conflict, the courts in this case sustaining the defense of indefiniteness, which was not presented to or passed upon by the Maryland District Court, there being "differences between the record here and the record in the Maryland court" (District Court opinion, 1 Rec. 634).

There is no question of jurisprudence or other question

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*The records in the Federal Yeast suits are defendant's exhibit D-11.

of public importance or interest in respect to these patents. They expire in March of next year, there are no licensees under them, the controversies regarding the validity and scope of their claims are of only private interest, and there is no special or important reason why petitioner should be allowed to continue litigating these patents against respondent.

3. The 109 patent and the Corby patent have been adjudicated only in the present case, the courts agreeing that these patents were invalid.

Respondent opposes the petition with respect to these patents, on the ground that there is no conflict of decisions or question of public importance or interest. The petition for writ of certiorari states that it "is not based" on these patents (petit., p. 2, footnote), the patents are not mentioned in petitioner's "Reasons Relied Upon for the Grant of the Writ of Certiorari" (pp. 3, 4) or "Argument" (pp. 6, 7, 8), and no reason appears for further litigation in this suit of these patents, which the courts below agreed were invalid.

The subject matter of the suit and prior litigation.

The patents relate to yeast, particularly yeast used in bread, the petitioner* having been for many years the largest manufacturer and dominant power in the yeast industry, owning many patents.

Yeast is a uni-cellular organism which multiplies by budding, the buds splitting off to form new cells. It grows best in a solution of water and foods which will provide carbon, nitrogen, phosphorus and other materials, such a solution being called a wort or mash. The wort should be slightly acid, in order to obtain the best results. All this was well known prior to the patents in suit.

* For convenience, "petitioner" will mean either the petitioner or its predecessor in the yeast business, The Fleischmann Company.

On October 30, 1920, five different patent applications were filed, resulting in Hayduck patents 102, 103, 105, 106 and 109.

(a). The 102 patent (not in suit) proposed the use of inorganic salts, in a diluted wort, *Standard Brands* v. *Federal Yeast*, 38 F. (2d) 329, 351.

(b). The 103 patent (2 Rec. 1) proposed to neutralize excessive acidity in a wort, due to inorganic salts, in order to prevent the wort from becoming too acid, by adding an antacid (alkaline or basic material). But it was known that inorganic salts, when consumed by the yeast, might release inorganic acids which were harmful to it, and that such acidity could be neutralized by adding antacids (Henneberg and Pure Food articles, 2 Rec. 158, 166; opinion of Third Circuit Court of Appeals, 1 Rec. 674 *et seq.*). This was in effect admitted by the District Court for Maryland, 8 F. (2d) 186, 193, but influenced, we think, by what it said was the "great size" of the Fleischmann business (*id.*, p. 188) and "the commercial success of the patent" (*id.* p. 198), the patent was sustained. The Maryland court declared (p. 198):

> "It is one thing to show that, when yeast is used in fermentation processess, its fermentative power and duration of life will be enhanced by offsetting deleterious acidity or that in producing pure yeast cultures in the laboratory with distilled water, antacid substances should be used, and it is quite another to demonstrate that, when the end in view is the production of large quantities of yeast for its own sake, neutralizers may be advantageously employed."

The Circuit Court of Appeals for the Fourth Circuit affirmed on this opinion, 13 F. (2d) 570. Thus the view in the Fourth Circuit was that the principle of neutralizing excessive acidity in yeast manufacture, known to and described by earlier workers in the field, could be validly patented for commercial use by a later comer. This view was erroneous and the decision in the present case of the Circuit Court of Appeals for the Third Circuit was cor-

rect, being in accordance with views often expressed by this Court that a previously known principle can not be validly patented. That decision cited and followed *Altoona Theatres* v. *American Tri-Ergon*, 294 U. S. 477, 486, *Paramount Publix* v. *American Tri-Ergon*, 294 U. S. 464, 473, and *De Forest Radio Co.* v. *General Electric*, 283 U. S. 664, which were decided by this Court after the decision of the Circuit Court of Appeals for the Fourth Circuit. In the *De Forest* case, a patent on a high vacuum tube was held invalid, although it had great commercial success, because the scientific principle of the tube had been previously known.

(c). The 105 patent (2 Rec. 5) assumes to cover the idea of supplying food to the yeast "at a rate such that the yeast may propagate and substantially all of the alcohol which may be formed is assimilated by the yeast" (typical patent claim 4). It was old to supply some food (peptones) continuously, and to supply other food (sugar) at intervals, in order to keep low the alcohol production and to obtain "high yield in the yeast". This was admitted in the 105 patent (p. 1, ll. 33 to 50), and had been previously disclosed in the Rainier patent (2 Rec. 135), Iwanowski article (2 Rec. 157) and Lafar Handbuch (2 Rec. 178).

The District Court for Maryland declared that the 105 patent was valid, against the defense of invalidity because of the prior art, 38 F. (2d) 329, saying "The commercial success of the process disclosed in the Hayduck patent 105 tends to show its validity" (p. 337). In the present case, there was a showing that commercial success was not attributable to this patent, and, in addition to the defense of prior art (not passed upon by the courts in the present case), there was the substantial, and sustained, defense of invalidity because of indefiniteness.

The patent is indefinite in failing to disclose what is the rate of feeding which would produce much yeast and little alcohol, it being admitted by petitioner's expert witness that the patent was dealing with "a purely hypothetical experiment", describing "* * * a wholly condi-

tional—it is an imaginary situation" (Lamb, 1 R. 369) and by another witness for petitioner that it was impossible to discover what the feeding rate should be except "by a series of experiences" (Feild, 1 Rec. 384). Although petitioner in 1919 acquired rights to the process of this patent, it was not until 1923 that petitioner commenced using it (1 Rec. 595), which delay, if the patented process was as valuable as petitioner asserted, is only explicable because of the necessity of lengthy experiments. The courts below were correct in following the rule declared by this Court that "If the description be so vague and uncertain that no one can tell, except by independent experiments, how to construct the patented device, the patent is void", *The Incandescent Lamp Patent*, 159 U. S. 465, 474.

The claims of this patent are also invalid on their face, because they fail "to make a disclosure sufficiently definite," *General Electric* v. *Wabash Appliance Corp.*, 304 U. S. 364, 368. In that case, this Court said (p. 368) a claim defining a tungsten filament as "made up mainly of a number of comparatively large grains *of such size and contour as to prevent* substantial sagging and offsetting during a normal or commercially useful life for such a lamp or other device" was invalid on its face. The same is true in the present case, where the rate of feeding yeast is defined in the description only as "at a rate such that no large excess of alcohol will be formed, and the yeast can assimilate most of the alcohol that is so formed" (p. 1, l. 60 *et seq.*) and in typical claim 4 as "at a rate such that the yeast may propagate and substantially all of the alcohol which may be formed is assimilated by the yeast."

(d). The 106 patent (2 Rec. 8) proposes to supply the neutralized wort of the 103 patent at the feeding rate of the 105 patent. In the statement of facts agreed to by the parties (1 Rec. 38) the 106 patent is referred to as follows, viz: "The process of this patent is one combining the process of patent 103, including neutralization, and

the process of patent 105, including regulated nutrient feed".

The District Court for Maryland sustained this patent against the defenses that the 103 and 105 patents were prior art and of double patenting, 38 F. (2d) 329, 343. These defenses were obviously unsound. All the patents were applied for on the same day and they issued on the same day, so none was prior to the others. And the claims of each patent were different from those of any other, so there was no double patenting. The substantial defenses were those presented in the present case, viz:

> "The real defense to the validity of the patent, in addition to that of indefiniteness, is that, whatever patentable invention there may have been was exhausted by the neutralization patent [103] and by the feeding patent [105], and it did not rise to the dignity of inventive genius to use the two together." (Defendant's brief, CCA 3, p. 57.)

The defense against the 106 patent of indefiniteness was not passed upon by the courts below, although the 106 patent was as indefinite as the 105 patent with respect to the rate of feeding. The other defense was sustained by both courts, the Circuit Court of Appeals finding that "combining the processes of invalid process patents cannot result in validity" (1 Rec. 684). This was correct, because no patentable genius was required to combine the old process of neutralization with the old and non-inventive process of supplying nutrients, as needed, to the yeast.

Petitioner attempts, as it did in the courts below, to argue that the patents were not prior to each other and that there was no double patenting, citing authorities in support of such propositions (petition, p. 8). But this is merely a red herring, there never having been in the present case any such contention by respondent, its defense on the issue of validity being as above quoted.

(e). The 109 patent (2 Rec. 12) is the same as the 106 patent, except that one of the neutralizing agents described but not claimed in the 103 patent, is claimed in the 109

patent (petitioner's witness Lamb, 1 Rec. 68; agreed statement of facts, 1 Rec. 38). This patent has been litigated only in the Third Circuit.

The specific material proposed for neutralizing was old and well known as a neutralizer in yeast worts, prior to Hayduck, as stated by the Circuit Court of Appeals (1 Rec. 684), and the patent was rightly found invalid for want of patentable invention.

These Hayduck patents are an excellent example of abuse of the patent system, by obtaining a series of patents on trifling variations. The Fleischmann Company filed five applications for Hayduck patents, on the same day, probably with the intention and certainly with the result of securing a large number of patents with which it could embarrass and intimidate competitors. There is not the slightest reason why only one application, and not five, could not have been filed, containing the description of the 109 patent, because it contains practically everything that is in the 102 patent (not in suit), 103, 105 and 106 patents. Instead, the Fleischmann Company filed, on the same day, one application for use of inorganic salts in a diluted wort (102 patent), another application for inorganic salts with neutralization (103 patent), another for rate of feeding (105 patent), another for neutralization and rate of feeding (106 patent), and still another for neutralization, with a particular kind of neutralizer (described in the 103 patent) and rate of feeding (109 patent).

In the absence of conflicting Circuit Court of Appeals decisions there is no justification for further litigation in respect to these trifling variations.

(f). The Corby patent assumes to cover the idea of periodically withdrawing some of the yeast from the fermenting vat, as it grows and multiplies, and renewing the food supplies. This idea was disclosed in the Rainier (2 Rec. 135) and Jacquemin (2 Rec. 127) patents. Also the idea did not rise to the dignity of a patentable invention, as the courts below found.

The commercial success of petitioner was not shown to have been due to the three Hayduck patents, 103, 105 and 106.

Referring to the Hayduck patents 103, 105 and 106, the petition states (p. 2) "The reported decisions on these three Hayduck patents pay tribute to the demonstrated commercial success and industrial importance of these inventions which revolutionized the yeast manufacturing industry". It was upon the broad and benevolent ground of "commercial success" that the patents were sustained in the Fourth Circuit. But the record in the present case shows by petitioner's own sworn statements that the large sales and undoubted commercial success of petitioner can not be fairly attributed to the three patents in question.

In 1924, petitioner sued a competitor, Liberty Yeast Corporation, on ten yeast patents, including the 103, 105 and 106 patents. The verified bill of complaint alleged that petitioner had used in its manufacture each of the ten patents "conjointly" and "profitably" (1 Rec. 593). Thus if petitioner were then truthful, at least seven other patents contributed to the success of its yeast business. The suit was never tried, because petitioner purchased its competitor for $4,000,000 (1 Rec. 250).

In 1924 and 1925, petitioner sued another competitor, Federal Yeast Corporation, on seven of the patents in the *Liberty* suit, including the 103, 105 and 106 patents. Again the verified bills of complaint alleged that each of the several patents in suit had been "conjointly" and "profitably" used in petitioner's manufacture of yeast (deft's ex. D-11).

In the present case, the suit was brought on nine yeast patents, including three which were not in the other suits. The verified bill of complaint (1 Rec. 13) alleged that all the patents had been profitably used by petitioner. (Petitioner's brief (p. 30) in the District Court admitted that the Corby patent "has not been used commercially by plaintiff").

Thus there have been thirteen patents upon which petitioner has brought suit against its competitors, in each case declaring under oath that the commercial success of its great yeast business was due to all the patents in suit. For convenience, the following is a list of these patents, the L, F and N indicating respectively the defendants in the Liberty suit, the Federal suit and the present suit.

L			Pollak	1,123,920
L	F		Hayduck	1,449,102
L	F	N	Hayduck	1,449,103
L	F	N	Hayduck	1,449,105
L	F	N	Hayduck	1,449,106
		N	Hayduck	1,449,109
L	F	N	Nilsson, *et al.*	1,449,127
L	F	N	Wohl	1,449,134
L	F	N	Wohl	1,475,215
L			Corby	1,475,471
L			Kohman	1,475,494
		N	Corby, *et al.*	1,673,735
		N	Ransohoff	1,688,831

It is apparent from the foregoing that, if petitioner is to be believed, its commercial success can not be attributed to only the Hayduck 103, 105 and 106 patents. And, of course, commercial success can be considered "only when invention is in doubt", *De Forest Radio* v. *General Electric*, 283 U. S. 664, 685.

The fact is that the petitioner, although for many years the largest manufacturer of yeast, has itself contributed nothing to the practical development of the art. None of the above thirteen patents resulted from any work by petitioner or its employees, all being bought from others. On the other hand, respondent's processes are its own independent developments. There is no pretense that respondent has copied any of petitioner's processes, and the case for petitioner must depend upon technical questions of the validity and infringement of patents which were developed by others. No licenses have been taken under the patents and there is no special or important reason, of general

public interest, to warrant the further litigation of the patents against respondent.

Conclusion.

The petition for writ of certiorari should be denied, but, if granted, it should be only with respect to the single question of the validity of the Hayduck patent 1,449,103, the only question as to which there is a conflict between Circuit Courts of Appeals.

Respectfully submitted,

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March, 1939.